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State levies fines of nearly \$44,000 in latest round of "prompt pay" violations

FRANKFORT, Ky. – Six insurance companies have been fined a total of \$43,750 for violations of the state's "prompt pay" law, the Kentucky Department of Insurance announced today.

Companies fined for noncompliance with the law were CHA HMO, Inc., Connecticut General Life Insurance Company, Fortis Insurance Company, Humana Insurance Company, Nippon Life Insurance Company and Trustmark Insurance Company.

Humana, Fortis and Trustmark were among the companies fined in 2002 for noncompliance.

"Overall, the Department has seen improvements in the prompt payment of claims by insurers. However, we continue to monitor individual companies and impose fines for their failure to meet the prompt pay guidelines," said Kentucky Insurance Commissioner Janie A. Miller.

According to data available to the DOI, 39 of the 45 companies reporting payments in the second quarter of 2002 were found to be in compliance.

The law requires that "clean claims," those properly submitted by providers, be paid within 30 days of receipt. The only exception is the payment of claims associated with organ transplants which must be paid within 60 days. In addition, the law establishes interest penalties for late payments. Claims paid between 31-60 days are subject to an annual interest rate of 12 percent; claims paid between 61-90 days, 18 percent, and those over 91 days, 21 percent.

To be in compliance, an insurer must demonstrate in every quarter that at least 95 percent of clean claims and 90 percent of the total dollar amount paid for clean claims are paid within the 30-day time period. Insurers failing to meet these standards are subject to a fine at the discretion of the insurance commissioner.

The fines announced today are based on second quarter 2002 reports filed by insurers with the Department of Insurance.

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